Unemployment Insurance Tax System

WELCOME GUIDE

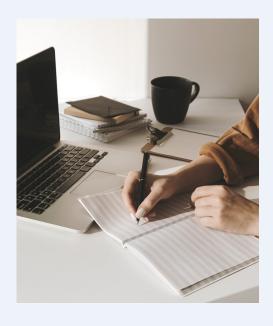




Welcome to the Arizona Unemployment Insurance Tax System

Introduction to Unemployment Insurance Taxes

The Unemployment Insurance (UI) program is a state and federal partnership that provides eligible workers who have lost their job through no fault of their own with temporary financial assistance (UI benefits) while they seek new employment. The federal unemployment tax, called FUTA, is collected by the IRS and provides administrative funding which is appropriated by Congress back to the states through the U.S. Department of Labor (DOL) for the administrative costs. The state unemployment insurance tax, called SUTA, is collected by the DES UI Tax Section. SUTA funds are used to pay unemployment insurance benefits. These contributions allow eligible individuals to receive Unemployment Insurance Benefits while they seek new employment. By law, unemployment taxes cannot be withheld from the wages you pay workers.



Getting Started

As a new employer in Arizona, there are steps you'll need to take to pay your unemployment taxes, and we're here to help! You can find the most up-to-date information about Arizona's UI Tax Program including Frequently Asked Questions and a printable copy of the Unemployment Insurance Tax Employer Handbook on our website at azuitax.com.

Who pays UI Taxes?

In Arizona, most employers are required by law to pay unemployment taxes on the first \$7,000 in gross wages paid to each employee in a calendar year. However, in 2021, state laws were changed to increase the maximum taxable wages from \$7,000 to \$8,000 for UI compensation purposes, effective calendar year 2023. Therefore, beginning January 1, 2023, you will be required to pay UI taxes on the first \$8,000 in gross wages paid to each of your employees.



Successor to a liable employer

When you acquire all or part of a business that was required to pay unemployment taxes in Arizona, you are a "successor" for unemployment tax purposes. Learn more about what it means to be a successor.



Employees, Wages and Tax Rate

Visit our website to understand more about what constitutes an employee, what types of payments are considered wages and what factors affect your business'

Unemployment Insurance tax rate.

REPORTING WAGES

Businesses determined liable to provide unemployment insurance coverage for their workers are required to:

- Submit <u>Unemployment Tax and Wage Reports</u> for each quarter they are covered, even for quarters during which no wages were paid, and
- Pay taxes each quarter taxable wages were paid.

Employers who use third-party payroll representatives are responsible for notifying the representative of their Arizona Unemployment Insurance account number.



Pay Your Taxes

Pay your UI tax by phone using a credit card, debit card or ACH payment by calling (602) 771-6604; online at bit.ly/AZTWS, or by mail using a cashier's check or money order payable to the Department of Economic Security (include your Employer Account Number with your payment).

SUBMIT YOUR UNEMPLOYMENT TAX AND WAGE REPORTS

Use the Tax and Wage System to:

- File Tax and Wage Quarterly Reports
- Make a Payment
- View/print copies of Quarterly Filings and Tax Rate notices

Use the Secure File Transfer Protocol AZURE system to:

- Use a bulk file upload server to server process (SFTP) to file and pay
- Receive electronic Acknowledgement

Penalties

File on time to avoid late <u>penalties</u> and interest charges. If you cannot pay the taxes due, you may be able to make payment arrangements.

- The penalty for a late report is 0.1% of total wages paid in the quarter; the minimum penalty is \$35 and the maximum is \$200.
- Interest on unpaid taxes accrues at 1% of the taxes due per month.
- Liens, and/or levy on property may be imposed for any overdue amounts.

Learn more about late penalties.

UI Tax and Wage Report Schedule			
Quarter #	Wages Paid During	Quarter Ends	Reports Due By
1	January, February, March	March 31	April 30
2	April, May, June	June 30	July 31
3	July, August, September	September 30	October 31
4	October, November, December	December 31	January 31

REPORT CHANGES

A change in your business' ownership, operations, or structure may affect your Unemployment Insurance Tax liability. Failure to report changes may result in additional costs to you later. Changes that should be reported include:

- Selling your business
- Discontinuing your business
- Acquiring another business
- Changing the ownership of your business
- Changing the legal structure of your business (incorporating, etc.)
- Changing your business name
- Changing your address

Make changes to your account using the online <u>Tax and Wage System</u> or submit your completed <u>Report of Changes</u> form by email at <u>uitstatus@azdes.gov</u>. <u>Learn more about employer requirements and record keeping</u>.

Audits

Routine <u>audits</u> of Arizona employers are conducted on a random basis. Employers selected for an audit will be notified and provided detailed instructions of the audit process. <u>Learn more about Unemployment</u>
Tax audits.

Appeals

Whenever a determination is made that affects your tax liability, a written notice will be mailed to you. Each determination provides separate <u>appeal</u> rights; in all cases, an appeal must be made in writing and within the time period specified in the notice. <u>Learn more about the types of notices you may receive and what to expect.</u>

Unemployment Insurance Benefit Claims

Since it is your taxes that are used to pay benefits to former workers, it is to your advantage to become familiar with the benefit provisions of the <u>Unemployment Insurance Benefits</u> program.

Individuals who apply for unemployment benefits must meet basic requirements before the State can determine whether they are eligible. The Department will send a <u>Notice to Employer</u> form to the claimant's most recent employer to request verification of the reason for unemployment. If you receive a <u>Notice to Employer</u> form indicating you are the last employer, you should complete and return the notice within 10 business days. <u>Learn more about UI Benefit Claims - Notice to Employer of Benefit Claim Filing.</u>



Register for <u>SIDES</u> or <u>IRME</u>

The UI State Information Data Exchange System (<u>SIDES</u>) is a free service that employers can use to respond electronically to the <u>Notice to Employer</u> when a benefit claim is filed for your business.

The Internet Response Module for Employers (IRME) allows employers to respond to Wage Audit Notices electronically.

Prompt response to these notices reduces improper payments, decreasing charges to your UI account to stabilize future tax rates.





CONTACT US

Visit our <u>Contact Unemployment Tax - General Information web</u> <u>page</u> for a full list of UI Tax departments and contact information.

For general UI Tax questions and information, please visit azuitax.gov, call (602) 771-6606 or email uitadvocate@azdes.gov. For general UI Benefit Claim questions and information, please visit azuitax.gov, call 1(877) 600-2722, or email uiaclientadvocate@azdes.gov.

DES and ARIZONA@WORK offer no-cost services to help you grow your business and meet your recruitment and training needs. Learn more about no-cost services for Arizona's Employers.





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